

NAPA COMPENSATION
QUESTIONNAIRE NOTES

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Date(s) of Interview 9/12/88, Revised 11/3/88

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I. Compensation System:

What is compensation approach? (How organization manages and why)
Mitre uses a maturity curve system of salary administration based on selected companies from the Hughes Salary Survey and the Draper R&D Non-Profit Salary Survey--surveys deemed to be the most valid comparators for Mitre based on similarity of staff, type of work and customer, and reputation of comparators. Performance Appraisals and "Laddering" are completed annually prior to the salary review and are used in the process of salary management. This approach targets to maintain internal and external equity.

A. Hire at, above, or below market salary rates, recruitment bonuses used? No recruitment bonuses.

1. Entry vs. senior level hires. Generally try to hire experienced (about 90%), better than average people at rates consistent with their market value, based on survey data such as the Hughes Salary Survey and College Placement Council start rate data. Mitre also considers turnover data.

B. Geographic vs. national pay schedules and why. Have national curves for all locations.

C. What are special compensation programs for supervisors and non-managerial staff? Participate in Draper Management Survey to get an idea of what the market looks like for supervisors. For Supervisors, there are rate ranges which are built on top of the non-supervisory pay levels with some modest overlap. Their title structure from high to low is: Corp > Div (~200 S&E employees) > Dept (35-40 S&E employees) > Group (7-10 S&E employees).

D. Pay adjustments--Based on market, profitability or ? Mitre uses the market comparisons to determine their overall salary budgets.

1. Increase or Salary Management? Salary management based on the value to the organization--the message is SALARY!

2. Frequency. Annual.

3. Merit increase distributions (common date or Anniversary? exceptions or mid-years) based on individual's performance? Merit increases are distributed on a common date basis each January 1st, based on the individual's performance and overall value to the corporation; there are no minimum increase amounts or percentages. Their target is to maintain a spread in salaries that adequately rewards high valued contributors,

and that is consistent with the market overall. The Hughes Survey is their prime S&E survey.

4. Amount of increase tied to performance? Manage salaries by administering increases. The do a forced ranking (laddering) which is a prime determinant in the as to where the salary should be, and what the increase should be to move in the direction or reach the target salary.

5. Can non-supervisory pay equal or exceed executive pay? (dual ladder-have it; your views) Yes have a dual ladder and have a structure for it:

<u>SUPs/MGRs</u>	Non Sup Sr STAFF1
Tech Dir	Fellow
Assoc Tech Dir	Consulting Engr/Sci
Dept Hd	Pr. Engr/Sci
Assoc Dept Hd	" " "
Group Ldr	Lead Engr/Sci

1 No more dual ladder non-sups than there are managers. Has a special review committee to get in and to stay in.

Believes that the dual ladder is working well.

6. Lead, lead/lag or lag; market target at x % +/- market? Mitre wants to pay its staff in a manner consistent with its high tech competitors in the market place.

E. How important is uniformity of pay across different business lines and organizations? Very important. Have Chemical Engineers and Life Scientists. Recognize the discipline differences for new graduates, but hire only a few new graduates. Pay experienced people on 1 set of curves, and ladder ranking is the determinant.

1. Uniformity

2. Flexibility

3. Problems/Issues

F. Roughly what portion of total compensation is bonuses or other forms of at risk pay? None.

G. What is purpose of putting pay at risk? N/A.

H. Who can make exception to your start salary rules? What can they change? Their system provides guidelines, but they have flexibility to pay very well for excellent candidates. Start rates need approvals by the Salary Administration office (see the Attachment 1, Personnel Department Background Summary/Salary Recommendation Summary).

1. National office only? (What can they waive?)

2. Division VP?

3. Manager/Supervisor?

- I. Added Compensation for passing clearance (lifestyle restrictions--can't publish, etc.) No added compensation for clearances.
- J. Premium pay (overtime, hazardous duty pay) for professional employees?
 1. Do have it? No.
 2. Who is eligible and under what circumstances?
- K. What do you disclose about your pay system to employees?
 1. Classification descriptions? Yes.
 2. Rate ranges? Yes.
 3. Policies/procedures? Yes.
 4. Individual pay rates? Not individual rates by name, but their own ladder rank and where their own salary falls on the curve. Individual employees may look at the curves, but not make copies.
 5. Other?

II. RECRUITING APPROACH

What do you sell to recruit staff?

New Graduates/Experienced: Come to Mitre because of:

1. the kind of work Mitre does--broad based systems architecture & engineering work, and can influence government sponsors on outcomes.
 2. Work environment (quasi government/academic/private).
 3. Salary/benefits--get most of their people from private industry (95%).
- Retirement plan is TIAA Creff--tied into Social Security.

VACATION:	0-9yrs.	3 weeks
	10-20 yrs	4 weeks
	add one day for each added year to 5 weeks	
	25 + yrs	5 weeks

- A. Salary
- B. Benefits including deferred compensation
- C. Career with firm
- D. Opportunity to work with latest technology
- E. Importance of projects, to?
- F. Profit sharing
- G. Perquisites (work environment)
- H. Ability to work with first class organization (yours)
 - a. best minds
 - b. at cutting edge, or?
 - c. ?
- I. New Grad training program? No. Do allow BS people 1 day/week to go to school at full pay, but they must compete for this program.
- J. Any other thoughts/concepts? Mitre uses advertisements, job fairs, employee referrals and as needed, employment agencies for special skills.

III. Special Recruiting-New PhD or experienced?

What would do to attract a world class talent (PhD in Mathematics, MIT - exception, not pipeline talent.

- A. Would you make exception to your normal classification /compensation rules? Would probably qualify as one of the special dual ladders and pay high salaries for special senior people. These people are typically recruited at very high levels--other super technical types within the Company.
- B. If so, on what basis?
 - 1. Work environment. Mitre's reputation, and ability to work with other world class people.
 - 2. How much flexibility to keep a hook in them? Freedom to develop programs in new areas of interest to the Company.
 - 3. Conflict of interest issues? Competition?
- C. How do you pay top people? Very well, but competitive with other organizations.
 - 1. Pros/Cons or problems in your system

IV. Workforce Concept

What kind of workforce concept are you operating under? Mitre prefers a low turnover and long-term career approach so long as the employees stay productive.

- A. Lifetime career, no layoff?
- B. Only for duration of project?
- C. Hire cutting edge recruits from school; edge out with slow raises after a few years, or? Bedford location hires a few and they are paid consistent with their ladder ranking.
- D. Fully experienced, proven talent from other organizations? Yes, use agencies, job fairs, and ads to recruit them.
- E. Government/Military as a source? No, not as a source. Don't want a conflict of interest situation.
- F. Revitalization of burned-out people? If so what, what conditions? If a manager, may want to shift them to different role, but don't have a formalized program.

V. Employee Mobility

Do you move your professional staff? What levels? (e.g. Management only? Technical? Yes, they move all levels of technical and managerial (there are 15-17 Wash D.C. sites & 15-17 Bedford sites also).

A. What problems, if any, are you having? Most people volunteer to move to various sites. The way it works is a memo is sent out and technical people can talk to the Manager who is staffing the specific program. If they can't attract internal candidates, they will hire from the outside. If work is being shifted, this may result in a RIF at the original site. For those on-boards who accept transfer, there is a good relocation package.

B. What solutions are you using that work best?

C. How do you keep transferees whole?

1. Family
2. Spouse
3. Second wage earner Don't have a formal program. On overseas moves they have a good package (see Attachment 2).
4. Schools
5. Other
6. / Additional services offered?

VI. General Support

Do you have:

A. Second career support - Outplacement activity/consultant? Do this for upper level people who are being asked to leave. Otherwise it is very informal.

B. Do you rely on short term "borrowing" of staff from research organizations/universities. etc. (conditions 18-24 months; person goes back to prior job) - Conflict of interest, sabbatical issues? No.

C. Flexible Benefits (Upper mid-level to below Officer). No. but do have Flexible Spending Accounts